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# Supreme Court of the United States

October Term, 1943

No. 254

EASTERN WINE CORPORATION,

*Petitioner,*

*against*

WINSLOW-WARREN LTD. INCORPORATED,

*Respondent.*

PETITION FOR A WRIT OF CERTIORARI TO THE  
UNITED STATES CIRCUIT COURT OF APPEALS  
FOR THE SECOND JUDICIAL CIRCUIT, AND  
SUPPORTING BRIEF.

ASHER BLUM,  
*Counsel for Petitioner.*



# INDEX

	PAGE
Summary Statement of Matters Involved .....	1
Reasons for Allowance of Writ .....	4

## Cases Cited.

Addressograph-Multigraph Corporation v. American Expansion Bolt & Mfg. Co., 124 Fed. (2d) 708, C. C. A. 7 .....	6
Fiala v. Connecticut Electric Service Co., 114 Conn. 172 .....	7
Floridin Co. v. Attapulugus Clay Co., 125 Fed. (2d) 669, C. C. A. 3 .....	9
General Baking Co. v. Goldblatt Bros., 90 Fed. (2d) 241, C. C. A. 7th .....	6
General Baking Co. v. Gorman, 3 Fed. (2d) 891, C. C. A. 1st .....	6
Good Humor Corporation of America v. Gaffney et al., 7 Conn. Supp. 250 .....	8
Hanover Milling Co. v. Metcalf, 240 U. S. 403 .....	7
Jacobs v. Iodent Chemical Company, 41 Fed. (2d) 637, C. C. A. 3rd .....	6
Le Blume Import Co. v. Coty, 293 Fed. 344, C. C. A. 2 .....	7
Macmahan Pharmacal Co. v. Denver Chemical Mfg. Co., 113 Fed. 468, C. C. A. 8th .....	6
Milici v. Di Francisco, 122 Conn. 287 .....	7
Pecheur Lozenge Co. v. National Candy Co., 315 U. S. 666 .....	5
Philco Corporation v. Phillips Mfg. Co., 133 Fed. (2d) 663, C. C. A. 7th .....	4
Ricci v. Naples, 108 Conn. 19 .....	7
Ryan v. Denver Union Terminal Ry. Co., 126 Fed. (2d) 782, C. C. A. 10th .....	9
Rytex Co. v. Ryan, 128 Fed. (2d) 952 .....	5
Storley v. Armour & Co., 107 Fed. (2d) 499, C. C. A. 8th .....	9
Time, Inc. v. Viobin Corporation, 128 Fed. (2d) 860 .....	5
United Drug Co. v. Rectanus, 248 U. S. 90 .....	7



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## PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND JUDICIAL CIRCUIT, AND SUPPORTING BRIEF.

*To the Honorable the Chief Justice and Associate Justices  
of the Supreme Court of the United States:*

### **Summary Statement of Matters Involved.**

This case involves infringement of plaintiff-petitioner's unregistered common-law trade-mark, and unfair competition. Respondent-defendant has committed the acts complained of, in the State of Connecticut. Petitioner's mark is "Chateau Martin" for wines.

This action was originally instituted in the U. S. District Court of Connecticut. Jurisdiction is based solely on diversity of citizenship, and the existence of the statutory amount.

Petitioner has extensively advertised its mark by radio. In such radio advertising, and with due disclosure of the

domestic origin of petitioner's wine, "Martin" has been pronounced according to the French pronunciation as "M a r t a n" and also as "M a r t a y" (R. 23 and 17). The radio advertising has always featured petitioner's *entire mark* "Chateau Martin", pronounced as "Chateau Martan", or "Chateau Martay".

Respondent began to use "Chateau Montay", to sell a cheaper wine, long after petitioner had built up a very extensive business, with continuous radio advertising. Petitioner began to use "Chateau Martin" in 1933 (R. 128). Respondent began to use "Chateau Montay", in 1940 (R. 111). This suit was started in November, 1940.

The decisions herein have not been reported in the Federal Reporter. The findings of the District Court (R. 128-130), held that petitioner had exclusively used "Chateau Martin", since 1933, with extensive advertising by radio, magazine, posters, and displays; that after petitioner's wine had secured extensive sales in Connecticut, and after said extensive advertising, respondent adopted "Chateau Montay", and that there was evidence of confusion (R. 130).

The judgment of the District Court (R. 131-132) granted petitioner an injunction, without an accounting.

The judgment of the District Court was reversed by a majority of the Circuit Court of Appeals (R. 136), with Judge SWAN dissenting. Upon petition for rehearing (R. 147), a supplemental opinion was rendered by the Circuit Court of Appeals (R. 156).

The evidence showed that retailers displayed bottles of "Chateau Martin" on top of the cases of "Chateau Montay" (R. 15-16). Evidently, this was to catch the customer's eye with "Chateau Martin", so that "Chateau Montay" could be substituted.

Petitioner's expert witness testified, without objection, that the ordinary customer could not distinguish between the respective products (R. 22). Since petitioner's main advertising was by radio, prospective customers never saw the petitioner's bottle and label (R. 43). Respondent's product sold for 49¢ to 50¢ per quart. Petitioner's product sold for 60¢ to 65¢ per quart (R. 44).

Petitioner's witness asked for "Chateau Montay", in a retail store. The clerk did not have it. The clerk said:

"Then it must be one of Chateau Martin's labels. The name is so close" (R. 46-47).

In another store, the clerk said, when he was asked for "Chateau Montay":

"We don't carry it. It is a cheap wine that tried to imitate Chateau Martin but it is a different type of wine. They ought to sue the Chateau Montay people" (R. 47).

In two other stores the clerks made mistakes, and handed out "Chateau Martin" when petitioner's witness asked for "Chateau Montay" (R. 47-48).

Warren, the president of respondent, testified so that the trial judge could observe his demeanor. The best that Warren could say was:

"When you chose the name 'Chateau Montay' did you have it as your *sole* object or the *sole* object of the defendant corporation, to take advantage of the high reputation acquired by the plaintiff? No" (R. 109).

The judgment herein (R. 159) was entered on June 15, 1943.

The jurisdiction to grant this writ is based on Title 28, Sec. 347, U. S. C. A.

### **Reasons for Allowance of Writ.**

The two majority decisions herein are in conflict with decisions of Circuit Courts of Appeal of other Circuits on the following points:

1. Whether state law controls in an action in equity to restrain infringement of common-law trade-mark and unfair competition.

2. Whether an appellate Federal court has greater authority than the respective appellate State court, to set aside a finding of fact made by the trial judge, in a suit which is governed wholly by local State law.

3. Whether an appellate Federal court, in view of Rule 52 (a) of the Federal Rules of Civil Procedure, has the power to set aside a finding of fact which was made by the trial judge, based upon substantial evidence.

4. Whether the right to a common-law trade-mark in a state can be affected or weakened by prior use of any trade-mark in a foreign country or in a non-contiguous state, or by a slight subsequent use even in the same state, as against the original user which has built up the good-will in the state by extensive advertising.

The above points are presented as the issues upon which this writ is requested, in addition to the general issue as to whether respondent has trespassed upon petitioner's common-law rights in Connecticut.

*Philco Corporation v. Phillips Mfg. Co.*, 133 Fed. (2d) 663, C. C. A. 7th, decided January 19, 1943.



On page 667, it was held that local State law governed cases which involved:

“(4) (a) Infringement of common-law trade-mark.

(b) Unfair competition through use, on goods of the same descriptive properties, of mark similar to plaintiff’s ‘secondary meaning’ mark.”

On page 674, the Court overruled its prior decisions in

*Rytex Co. v. Ryan*, 128 Fed. (2d) 952, and

*Time, Inc. v. Viobin Corporation*, 128 Fed. (2d) 860.

On page 665, the Court stated:

“Trade-mark and unfair competition suits in equity are considered as brought in aid or support of legal rights. *Menendez v. Holt*, 128 U. S. 514, 523, 9 S. Ct., 143, 32 L. Ed. 526; *Nims, Unfair Competition and Trade-Marks* (3d Ed. 1929) 1019. Consequently, no objection may be raised to the application of the Erie doctrine here solely on the ground that this is a suit in equity.”

In the case of *Pecheur Lozenge Co. v. National Candy Co.*, 315 U. S. 666, decided March 30, 1942, it was stated on page 667:

“The only cause of action that this record could possibly support is for unfair competition and common law trademark infringement, to which local law applies.”

This rule is doubted in the second appellate decision herein (R. 156).

This local law is the law of the State in which the defendant is committing the acts of unfair competition (*Address-*

*ograph-Multigraph Corporation v. American Expansion Bolt & Mfg. Co.*, 124 Fed. [2d] 708, C. C. A. 7).

There is not a word of testimony in the record as to the use, in Connecticut, of the alleged prior marks which are stated in the original opinion (R. 136), or in the second opinion (R. 156), *before* petitioner began to use its mark in 1933. There is not a word of testimony to show that any such alleged mark was used in Connecticut prior to 1940, when respondent began to use "Chateau Montay".

The controlling factor is priority of use in the respective sales territory (*General Baking Co. v. Gorman*, 3 Fed. (2d) 891, C. C. A. 1st; *Jacobs v. Iodent Chemical Company*, 41 Fed. (2d) 637, C. C. A. 3rd; *General Baking Co. v. Goldblatt Bros.*, 90 Fed. (2d) 241, C. C. A. 7th).

This case was tried on June 17, 1942 (R. p. 12). Warren, respondent's president, merely testified to sales, in Connecticut, of certain brands, like "Chateau Medallion" in the "last two years", and that he did not know of these other names when he selected respondent's mark (R. 108). There is no testimony to show that the sales of these other brands had continued in "the last two years" or that these other brands have ever had any substantial sales or advertising.

A common-law trade-mark belongs to the concern which has extensively advertised and sold the product, even as against a slight prior use (*Macmahan Pharmacal Co. v. Denver Chemical Mfg. Co.*, 113 Fed. 468, C. C. A. 8th).

Petitioner is not trying to monopolize "Chateau". The trade-marks mentioned on pages 157 and 158 do not have the same close resemblance as the respective marks in issue, bearing in mind that petitioner's mark was pronounced over the radio as "Chateau Martay" (R. 23).

Use of trade-marks in foreign countries, or even in the United States outside of Connecticut or adjacent states,

cannot affect or weaken petitioner's local rights in Connecticut. (*Hanover Milling Co. v. Metcalf*, 240 U. S. 403; *Le Blume Import Co. v. Coty*, 293 Fed. 344, C. C. A. 2.)

In *United Drug Co. v. Rectanus*, 248 U. S. 90, page 98, it was stated:

"Property in trade-marks and the right to their exclusive use rest upon the laws of the several states and depend on them for security and protection."

Under Connecticut law, the finding of the trial judge, as to confusion and probability of confusion (R. 130), could not be challenged on appeal.

*Ricci v. Naples*, 108 Conn. 19, decided in April, 1928:

Pages 23 and 24:

"This court cannot retry the facts by considering and weighing the evidence; that is the exclusive function of the trial court."

*Fiala v. Connecticut Electric Service Co.*, 114 Conn. 172:

Page 175:

"It is not essential that statements of fact in a finding should always be supported by evidence. It is enough if the circumstances fairly warrant the inference or conclusion stated."

*Milici v. Di Francisco*, 122 Conn. 287, decided in December, 1936:

Page 271:

"this highly controverted issue of fact was determined on conflicting evidence. In the light of such a situation, this assignment of error is futile, for a finding so made is conclusive."

Under Connecticut law, the Circuit Court of Appeals would not dissect the respective marks, "Chateau Martin", "Chateau Montay", as has been done in the instant case.

*Good Humor Corporation of America v. Gaffney et al.*, 7 Conn. Supp. 250, decided July 18, 1939.

It was held that "Good Health", for ice-cream, was too close to "Good Humor". The injunction was unrestricted on this point.

The Court stated:

"The name adopted 'Good Health' ice cream, incorporates the first word in the symbol of the plaintiff and the first letter of the second word is identical, with the first letter in 'Humor' and is capable of deceiving any person using such reasonable care and observation as the public is generally capable of using. *Middletown Trust Co. v. Middletown National Bank*, 110 Conn. 13.

Judgment is directed for the plaintiff to the extent that the defendants are enjoined from selling or offering for sale ice cream by the use of vehicle or foot propelled machines carrying signs with the word 'Good' thereon—"

The injunction referred to the use of "Good Health" on vending vehicles because this was defendant's only way of doing business. The injunction was *not* limited to the use of "Good Health" on vending vehicles which deceptively imitated the appearance of plaintiff's vending vehicles.

The Connecticut rule as to the effect to be given to findings of the trial judge is paralleled in No. 52 (a) of the Rules of Civil Procedure, which states in part:

"Findings of fact shall not be set aside unless clearly erroneous, and due regard shall be given to

the opportunity of the trial court to judge of the credibility of the witnesses."

In *Storley v. Armour & Co.*, 107 Fed. (2d) 499, C. C. A. 8th, decided November 10, 1939, it was stated on page 513:

"It is not the function of the Court to retry this case and to pass upon questions of fact the determination of which depended upon the credibility of witnesses and the weight of evidence, or to substitute its own judgment for that of the trier of the facts which had reached permissible conclusions. See *Helvering v. Johnson*, 8 Cir. 104 F. 2d 140, 144, and cases cited, and Rule 52 (a) of the Rules of Civil Procedure for the District Courts of the United States, 28 U. S. C. A. following section 723c."

Other cases in which Rule 52 (a) has been so construed, are as follows:

*Ryan v. Denver Union Terminal Ry. Co.*, 126 Fed. (2d) 782, C. C. A. 10th, decided March 14, 1942; *Floridin Co. v. Attapulugus Clay Co.*, 125 Fed. (2d) 669, C. C. A. 3, decided January 30, 1942, page 670, in which it was stated: "This finding is supported by substantial evidence and is thus controlling here on appeal."

On all essential points, the appellate decision herein is in conflict with local State law, and other appellate Federal decisions, including the decisions of this Court.

WHEREFORE your petitioner respectfully prays that a writ of certiorari be issued out of and under the seal of this Honorable Court directed to the United States Circuit Court of Appeals for the Second Judicial Circuit, commanding that Court to certify and send to this Court for its review and determination, on a day certain to be therein named, a transcript of the record and proceeding herein; and that the judgment of said United States Circuit Court of Appeals be reversed and the judgment of the District Court be

affirmed; and your petitioner shall have such other and further relief in the premises as to this Honorable Court may seem meet and just.

ASHER BLUM,  
*Counsel for Petitioner.*

